

**ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES**  
**Code of Alabama 1975, Sections 40-23-31 and 40-23-83**

**810-6-4-.03. Discounts Allowed on Payments of Sales Tax Made Before Delinquency.**

(1) Executive Order Number 2 issued by Governor John Patterson on January 8, 1960, authorized, empowered, and directed the Department of Revenue to allow a sales tax discount not to exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month. This discount was applicable for sales taxes collected on or after October 1, 1959 through May 31, 1996 for taxes paid before delinquency.

(2) In accordance with Section 40-23-36, Code of Alabama 1975, Executive Order Number 20 issued by Governor Fob James, Jr. on May 31, 1996, authorized, empowered, and directed the Department of Revenue to allow a sales tax discount for sales taxes due and payable to the State of Alabama by persons licensed under Section 40-23-6, Code of Alabama 1975, for sales taxes collected on or after June 1, 1996. This discount could not exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month and, further, was limited to a total maximum discount of nine hundred dollars (\$900) per month to any license holder and was limited to that amount for each retail license holder regardless of the number of retail locations of that license holder within the state. No discount was authorized or allowed upon any taxes which were not paid before delinquency. This discount was applicable for sales taxes collected on or after June 1, 1996 through April 30, 2001.

(3) Beginning with calendar year 1999, effective January 1, 1999, Section 40-23-7(d), Code of Alabama 1975, allows certain taxpayers to file sales tax returns with the Alabama Department of Revenue on a calendar quarter or calendar year basis rather than on a monthly basis. The sales tax discount for license holders who file monthly, quarterly, or annually shall not exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month, per calendar quarter or per calendar year, respectively, and further, for sales taxes collected through April 30, 2001, was limited to a total maximum discount of nine hundred dollars (\$900) per month to any license holder, and for sales taxes collected on or after May 1, 2001, is limited to a total maximum discount of four hundred dollars (\$400) per month to any license holder, and limited to that amount for each retail license holder regardless of the number of retail locations of that license holder within the state. No discount is authorized or allowed upon any taxes which are not paid before delinquency.

(4) In accordance with Section 40-23-36, Code of Alabama 1975, Executive Order Number 53 issued by Governor Don Siegelman on May 22, 2001, authorizes, empowers, and directs the Department of Revenue to allow a sales tax discount for sales taxes due and payable to the State of Alabama by persons licensed under Section 40-23-6, Code of Alabama 1975, for sales taxes collected on or after May 1, 2001. This discount shall not exceed five percent of the first one hundred dollars (\$100) of sales taxes levied and two percent of the sales taxes levied over one hundred dollars (\$100) per month and, further, is limited to a total maximum discount of four hundred dollars (\$400) per month to any license holder and is limited to that amount for each retail license holder regardless of

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**810-6-4-.03. (Continued)**

the number of retail locations of that license holder within the state. No discount is authorized or allowed upon any taxes which are not paid before delinquency.

(5) The discount outlined in paragraphs (1), (2), (3) and (4) above applies to state sales tax and also to all county and municipal sales taxes administered by the Alabama Department of Revenue. The rate, maximum, and effective date of the discount for each county and municipal sales tax due and payable to the Alabama Department of Revenue shall be the same as those provided with respect to the discount for state sales tax. (Sections 11-3-11.3, 11-51-180, et seq.; 11-51-200, et seq.; and 40-12-4, et seq., Code of Alabama 1975) (Readopted through APA effective October 1, 1982, amended October 8, 1996, amended October 20, 1998, amended effective October 4, 2001)